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DCI/IC 78-1189  
29 September 1978

MEMORANDUM FOR THE RECORD

25X1 FROM: [ ]  
Director, Community and Legislative Liaison Office

25X1 [ ]  
Policy Guidance Office

25X1 SUBJECT: Session with Tom Latimer, HPSCI, on DCI Annual Report  
(28 September) [ ]

25X1 1. [ ] We told Latimer that the guidance on the Annual Report in  
Chairman Boland's 15 September 1978 letter to the DCI had been very  
helpful and that an interim reply to Boland plus a draft concept of  
this year's Annual Report were on their way to the DCI for his con-  
sideration. Meanwhile we wanted to try the concept/outline out  
on Latimer and his HPSCI colleagues for their reactions (understanding  
that we did not yet know what the DCI's own reaction might be). [ ]  
25X1 [ ] sat in on part of the session. 25X1

25X1 2. [ ] With respect to the six special subjects in Boland's  
15 September letter on which the HPSCI is requesting coverage, Latimer  
had no problem with our proposing to treat them either entirely  
within the body of the report or highlighted therein and treated  
fully in responses appended to the HPSCI's copy of the Annual Report,  
depending on length, complexity, etc. He questioned our reasoning  
that #4, on agreements between US intelligence components and foreign  
governments, was not really Annual Report subject matter, but it  
developed that his real concern was whether the CIA component of  
the intelligence community would finally agree to answer its part  
of that question, not whether the DCI answers in an attachment to the  
Annual Report or separately.

25X1 3. [ ] Discussion revealed that #6, all unauthorized disclosures  
of classified information, is meant to include media leaks, and  
is wanted as ammunition to try to get the Congress to help assist  
in preventing security leak problems, not just for information/oversight  
purposes.

25X1 4. [ ] With respect to the draft outline for this year's Annual  
Report, the specific concerns and comments Latimer voiced were:

25X1 - [ ] That the HPSCI feels that the requirements problem under-  
lies all of the issues nominated for Part II; the Committee continues  
to be frustrated at the lack of a real way to correlate authoritative 25X1

[ ] MORI/CDF

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(28 September)

requirement priorities (the object of the intelligence exercise, what's most needed and why) with proposed resource allocation (ZBB decision units). (Comment: he's right, of course, and while this year's Annual Report won't be able to chart a program under way to design that correlation effectively, we can have the problem firmly in mind in the way we address the Issues in Part II and various headings in Part I, such as the PRC(I) evolution and concerns.)

25X1 -- [ ] The DCI's relationship with Defense is fundamentally important  
25X1 to the 1978 state of intelligence report, and is not mentioned in the outline. Tom used the [ ] DCI resources are in DoD" argument to underscore this point. When we noted that some of that would fall out of the Part I section on the year's experience with implementing the DCI's budget authority, he replied that the problem has much more general dimensions than budget. (Comment: true of course; Latimer then volunteered that the DCI might not feel comfortable talking about that relationship per se in the Annual Report, but conveyed the HPSCI's serious interest in the DCI's perception of how that relationship generally is progressing. It may be possible to address this indirectly in various places in the Annual Report and so be responsive to the HPSCI's concern without driving new cleavage lines in the Executive; anyway, we'll have that issue subliminally in mind and try to convey a tactful yet forthcoming impression.) An alternative that was mentioned was to include a subtopic: "Role of the DCI," that could address dealings with DoD.

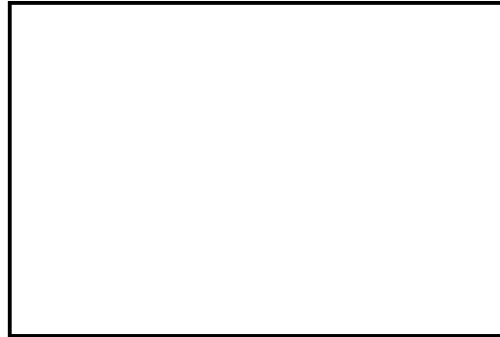
25X1 -- [ ] Have we given any thought to an Unclassified version this year of the Annual Report? We said yes, and while we hadn't decided, we were concerned whether it would be possible to say enough meaningful to be worthwhile. Latimer thought it would and ticked off a number of Part I topics that he thought could be treated wholly or partly in an Unclassified version. (Comment: Boland's letter leaves the matter of an Unclassified version to the DCI's judgment. We have recommended against such to the DCI. One would no doubt be useful to the Congress, but if it has to be done someone is going to have to write a rather different and separate report using the Classified one simply as a starting point.)

25X1 -- [ ] Latimer tipped us off to an emerging issue of concern to the  
25X1 Committee having to do with "sensitive collection" activities referred to in [ ] explaining that the HPSCI initially thought that meant covert action, (comment: why they confused covert action with collection was unclear,) but now realized the intelligence community has collection activities under way which are much more sensitive than current covert action programs. The HPSCI will be doing some looking into this in the coming year, and might well request coverage on same in next year's Annual Report.

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25X1 5. ☐ We left a working copy of the draft outline with Latimer for any additional comments he or the staff might have and left with the impression that Latimer found our draft approach in the right ball park.



25X1

*Sounds good.*

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(28 September)

Distribution: DCI/IC 78-1189

Original - D/DCI/RM

- 1 - OLC
- 1 - D/DCI/CT (See last tic, para 4)
- 1 - CLLO
- 1 - PGO Subject (Annual)
- 1 - PGO Chrono
- 1 - RMS Registry

DCI/RMS/PGO  (29 Sept 78)

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## • 1978 IN INTELLIGENCE

A. Execution of the Executive Order and Other Organizational Matters

1. Evolution and concerns of the PRC(I)
2. Resources: experience in use of DCI's budget authority
3. DDCI
4. NFIB: shifting membership/concerns
5. I&W

### B. New or Altered Emphases in Analysis

1. Strategic balance: new developments & experience in communicating them
2. Proliferating support for arms limitation talks
3. Emergence of China as an active world player
4. World petroleum supply
5. Substantive support for crises--e.g.

25x1

25x1

- C. Collection Tasking
- D. Production
- E. Security and Counterintelligence
- F. Intelligence and the Congress
- G. Other Legal and Propriety Issues
- H. Covert Action
- I. Intelligence and the Public
- J. Major Accomplishments

**SECRET**

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II. KEY ISSUES (lead into with NFIP graphis)

The early 1980s budget bow wave and trade-off issues of [REDACTED]

25X1

[REDACTED] upgrade competition: issues, outcome,  
rationale;

25X1

[REDACTED], appropriate packages

25X1

[REDACTED]

25X1

Quality of Analysis and Policy Support

including progress on improving interdisciplinary analysis

collection/production: an appropriate budget balance?

Community ADP

National/Tactical Interface Issues

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**SECRET**clear re-type &  
DCI outline revised

6 October 1978

## DCI REVISED OUTLINE - ANNUAL REPORT FOR 1978

## I. 1978 in Intelligence

## A. Execution of the E.O. and Other Organizational Questions

1. evolution of the PRC(I); work on priorities *RM-Filer also NFAC*

2. resources

a. experience in use of DCI's budget authority *OPB also Boyington DPA*

3. production

z. NFAC's first full year *NFAC*DIA *DIA*INR *INR*x. substantive work of DCI committees *NFAC*

4. collection

s. status of NITC *CT*y. 3 DCI collection committees *CT*

(5. miscellaneous - needed?)

(c. DDCI) *DDCI*(d. NFIB: shifting membership/concerns) *Filer*6. I&W - *DPA* *CT* *NFAC, DIA*

## B. New or Altered Emphases in Analysis

add: strategic balance: new developments & experience in  
communicating them *also DIA, INR*keep: proliferating support for arms limitation talks *also DIA, INR*emergence of China as an active world player *INR*world petroleum supply *Troms*

(? dollar? may not be enough to say)

crisis management -

*Go INR, DIA*

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C. Intelligence and the Congress

1. activities in support of both oversight committees
2. " " " " other committees

D. Legal & Property Issues

E. Security and Counterintelligence Issues

A. Espionage

- a. Kampiles, moles, etc.

*Rush also DDofCI  
FBI  
GE*

- b. CI

B. Leaks

- a. Authors

*DCI Security Com  
also o/s  
DDofCI  
Hetz*

- b. Others

- c. Remedies?

C. Other security - implementation of new industrial security measures

*o/s to DCI Sec Com*

D. New directions in foreign counterintelligence program

1. role of new DCI CI coordinator

*Rush also DDofCI  
o/s*

2. PRC (CI)

F. Covert Action - (emphasis on mission and programs) CA

(E. Public perceptions and attitudes re intel - anything new to say?)

*Hetz*

(or should this be titled Public Outreach of Intelligence?)

H. Major Accomplishments 1978

- a.

- b.

- c.

- d.

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DRAFT STRUCTURE/OUTLINE OF ANNUAL REPORT  
(for January 1979 issuance)

I. 1978 IN INTELLIGENCE

Execution of the Executive Order & *other organizational questions*

2. Resources

- a. experience in use of the DCI budget authority
- 1. evolution of the PRC(I); its concerns-priorities
- c. appointment of the DDCI; his role
- d. the NFIB: shifting membership and concerns
- s. status of the NIIC
- xy the DCI committees
- z. *NFAC's first full year; DIA/INR*

C. Intelligence and the Congress

charter legislation

the House Committee's start-up

*Activities in support of both oversight committees of other committees*

Selected Substantive Issues *new or altered emphasis in Analysis*

- e.g., proliferating support for arms limitation talks
- support of diplomatic negotiations [redacted] ?
- emergence of China as an active world player
- world petroleum supply
- international influences on the U.S. dollar [redacted]
- crisis management* [redacted]

Legal and Propriety Issues (to include summary report on HSPCI task #5 of 15 September Boland letter)

Security and counterintelligence issues

- functioning/concerns of the SSCI
- new directions in the ~~DCI~~ foreign counterintelligence program
- role of new DCI counterintelligence coordinator
- implementation of new industrial contract measures
- coping with unauthorized CIA authors
- new issues raised by Kampiles case
- U.S. telecommunications and space policy, MUIS, etc. - ?

Covert Action

New Directions in Public Perceptions and Attitudes About Intelligence

Other? *Major Accomplishments 1978:*

A. Espionage  
*Kampiles/memo/etc*  
cI

B. Leaks  
*Authors*  
*Offices*

a  
b  
c  
d

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II. KEY ISSUES (lead into with NFIP graphics)

The early 1980s budget bow wave and trade-off issues on technical sensors

[redacted] upgrade competition: issues, outcome, rationale;  
[redacted] upgrade needs, appropriate packages  
[redacted] modernization

25X1

25X1

25X1

Quality of Analysis and Policy Support

including progress on improving interdisciplinary analysis  
collection/production: an appropriate budget balance?

Community ADP

National/Tactical Interface issues

*I'm uncertain how this could just be  
the Budget justification Book - ?  
Perhaps broader view of problems confronting us.*

(Note: With respect to the HPSCI desire that State's intelligence program receive more treatment in this year's Annual Report--see 15 September Boland to DCI letter--a separate section would be awkward since other intelligence components are not getting separate treatment per se; it is our intention to respond to the HPSCI via other live coverage of State's intelligence program under a variety of Report headings; e.g., substantive issues in Section I and quality of analysis/policy support in Section II.)

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